MINUTES OF MEETING OF THE INDUSTRIAL COMMISSION OF ARIZONA

Held at 800 West Washington Street Conference Room 308 Phoenix, Arizona 85007 Thursday, October 20, 2016 – 1:00 p.m.

Present:

Dale L. Schultz

Chairman

Joseph M. Hennelly, Jr.

Vice Chair

Scott P. LeMarr

Commissioner

Robin S. Orchard

Commissioner

James Ashley

Director

Jason M. Porter

Chief Legal Counsel

Bob Charles

Legislative Affairs Chief / Public Information Officer

Sylvia Simpson

Chief Financial Officer

Steve Welker

Director of Labor

Renee Pastor

Accounting

William Warren

ADOSH Director Compliance Officer

Billie Gingrass

Commission Secretary

Kara Dimas

Chairman Schultz convened the meeting at 1:00 p.m. Also in attendance were Jason Stevens, David Chapin, Ed Hart, JR Elias, and Todd O'Laughlin with Tpac; Mike Madge and Mike Patten with Southwest Industrial Rigging; Joe Zbick with AKE Inc.; Steve Daley with Daley Farms; Chris Pastore and Steve Rodgers with Coffman Specialties; Susan Grenrock and Jeff Goralke with Trane U.S. Inc.;

Douglas Folk with Clark Hill; Don Klostermeier with McAtlin Electrical Corp; Bob Scalia with Federal OSHA, and Jason Weber with Snell & Wilmer.

Approval of Minutes of September 29, 2016 Regular Meeting.

Vice Chair Hennelly moved to approve the Minutes of the September 29, 2016 Regular Session meeting and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Consent Agenda:

All items following under this agenda item are consent matters and will be considered by a single motion with no discussion unless a Commissioner asks to remove an item on the consent agenda to be discussed and voted on separately. The Commission may move into Executive Session under A.R.S. § 38-431.03(A)(2) to discuss records exempt by law from public inspection. Legal action involving a final vote or decision shall not be taken in Executive Session. If such action is required, then it will be taken in General Session.

Approval of Proposed Civil Penalties Against Uninsured Employers.

- 1. Molecular Diagnostics Consultants, LLC
- 2. Two Moons Over Sedona, LLC, dba Alakazam Cleaning & Specialty Services

- b. Approval of Requests for Renewal of Self-Insurance Authority.
 - 1. Banner Health
 - 2. Central Arizona Water Conservation District dba Central Arizona Project
 - 3. Macy's, Inc.
 - 4. Van Tuyl Group, LLC dba Berkshire Hathaway Automotive, Inc.

Chairman Shultz removed items (b)(2) and (b)(3) (i.e., Central Arizona Water Conservation District dba Central Arizona Project and Macy's, Inc.) from the Consent Agenda.

Commissioner LeMarr moved to approve the remaining items on the Consent Agenda and Commissioner Orchard seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

<u>Central Arizona Water Conservation District dba Central Arizona Project</u>: Chairman Schultz discussed the company's stellar workers' compensation experience modification rating.

Commissioner LeMarr moved to approve the request for renewal of self-insurance authority for Central Arizona Water Conservation District dba Central Arizona Project and Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Macy's, Inc.: Chairman Schultz discussed Macy's efforts to improve their workers' compensation experience modification rating.

Vice Chair Hennelly moved to approve the request for renewal of self-insurance authority for Macy's, Inc. and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Presentation from and/or discussion with the Industrial Commission's Public Information Officer. <u>This agenda item may include discussion regarding the operations of the Industrial Commission.</u>

Mr. Charles discussed Voluntary Protection Program (VPP) re-certifications, the Commission's new website, proposed legislation regarding firefighter/peace-officer presumptions and fraud investigations, and an upcoming meeting with the Director of Legislative Affairs.

Chairman Schultz further discussed the proposed legislation related to presumptions for public safety officers and fraud investigations.

Stakeholder Presentation.

Chairman Schultz explained the nature of a stakeholder presentation and noted that the individual who was scheduled to make this presentation had a conflict and will return at a future meeting.

Discussion and Action regarding Arizona Minimum Wage Rate for 2017.

Mr. Welker discussed the A.R.S. § 23-363(B) directive concerning minimum wage increases.

Chairman Schultz, Commissioner LeMarr, and Mr. Welker discussed the potential impact of Ballot Proposition 206 on the Commission's actions.

Chairman Schultz, Commissioner LeMarr, Mr. Ashley, and Mr. Porter discussed the timing of a press release associated with the A.R.S. § 23-363(B) wage increase directive and recognized that the statute requires only that the Commission take action by January 1, 2017.

Chairman Schultz postponed action on the A.R.S. § 23-363(B) wage increase.

Discussion and Action regarding the Setting of Assessments under A.R.S. §§ 23-961(G), 23-1065(A), and 23-1065(F) for Calendar Year 2017.

Ms. Simpson discussed the Commission's authority to levy assessments under A.R.S. §§ 23-961(G), 23-1065(A), and 23-1065(F). She related staff's recommendations to increase the Administrative Fund assessment for calendar year 2017 to 2.25%.

Commissioner LeMarr and Ms. Simpson discussed the accuracy of NCCI's estimates. Commissioner Orchard discussed the recommended assessment's impact on small business in light of mandated sick time and minimum wage increases.

Chairman Schultz and Mr. Ashley explained the purpose of the Administrative Fund and its corresponding assessments. Chairman Schultz, Vice Chair Hennelly, Mr. Ashley, and Ms. Simpson discussed the history of assessment rates and its importance for businesses.

Ms. Simpson related staff recommendations to keep the Special Fund assessments for calendar year 2017 at 0%.

Chairman Schultz, Commissioner LeMarr, Commissioner Orchard, Mr. Ashley, and Ms. Simpson discussed staff's recommendation for the Special Fund assessments and the Special Fund's investment performance.

Chairman Schultz and Mr. Ashley discussed staff's and Mr. Ashley's recommendations concerning the Administrative Fund assessment for calendar year 2017.

Commissioner Orchard moved to approve the assessment rates for the Administrative Fund and Special Fund as recommended by staff. Vice Chair Hennelly seconded the motion. Vice Chair Hennelly noted that that the NCCI premium rate decrease is the greatest in the past 25 years. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard in favor of the motion. The motion passed.

Discussion and Action of Arizona Division of Occupational Safety and Health Proposed Citations and Penalties.

McAtlin Electrical Corp.

Fatality/Accident

2899 Maricopa Ave

Years in Business:

34

Lake Havasu City, AZ 86406

Empl. Covered by inspection:

1

Site Location:

2675 S Palo Verde Blvd

Lake Havasu City, AZ 86403

Inspection No:

T9350-1165945

Inspection Date:

07/20/2016

<u>SERIOUS</u> – Citation 1 - Item 1 - 2675 S Palo Verde Blvd: One employee was not wearing appropriate hand protection and personal protective equipment when working on a 480 volt energized electrical service section. (29 CFR 1926.28(a)).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

<u>SERIOUS</u> – Citation 1 - Item 2 – 2675 S Palo Verde Blvd. Lake Havasu City, AZ 86403: One employee was removing phase cables out of a GE Electrical Distribution & Control Service Section 1200 Amp, 3 phase, 480Y/277 volt and was not protected against electrical shock by de-energizing and verifying zero energy. (29 CFR 1926.416(a)(1)).

Div. Proposal - \$7,000.00

Formula Amt. - \$7,000.00

<u>SERIOUS</u> – Citation 1 - Item 3 – 2675 S Palo Verde Blvd. Lake Havasu City, AZ 86403: One employee was exposed to 480 volts when the GE Electrical Distribution & Control Service Section was not de-energized and the employer did not utilize tags or locks to identify de-energized circuits. (29 CFR 1926.417(b)).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

TOTAL PENALTY - \$8,500.00

TOTAL FORMULA AMT. - \$8,500.00

Due to overlapping issues, the Commission discussed the Trane U.S. Inc. citation and proposed penalties in conjunction with the McAtlin Electrical Corp. citation and proposed penalties.

Mr. Warren summarized the citations and proposed penalties.

Commissioner LeMarr, Commissioner Orchard, and Mr. Warren discussed the details of the cited incident, related safety equipment and procedures, and how responsibility for the incident is established among multiple employers.

Mr. Folk (McAtlin's legal representative) and Mr. Klostermeier addressed the Commission. Chairman Schultz and Mr. Folk discussed the role of the Commission during the public meeting and the role of the employer. Chairman Schultz and Mr. Folk discussed the possibility that McAtlin's citation and proposed penalty be considered at a later Commission meeting. Mr. Warren discussed the closing conference and recommended that the decision not be postponed. Commissioner LeMarr agreed that the matter should not be postponed.

Chairman Schultz, Commission Orchard, and Mr. Folk discussed whether Mr. Klostermeier wished to address the Commission.

Mr. Klostermeier, Commissioner LeMarr, and Commissioner Orchard discussed the details of the incident, safety procedures, and safety equipment.

Vice Chair Hennelly, Commissioner Orchard, and Mr. Klostermeier discussed employee notes.

Mr. Goralke and Ms. Grenrock addressed the Commission. Mr. Warren, Mr. Goralke, and Ms. Grenrock discussed the nature of compliance officer meetings and the citations.

Commissioner Orchard moved to approve the citation and proposed penalties as presented for McAtlin Electrical Corp (Inspection No. T9350-1165945). Commissioner LeMarr seconded the

motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Trane U.S. Inc.

Unprogrammed Related

Empl. Covered by inspection:

850 W Southern Ave

Years in Business:

103 1

Tempe, AZ 85282

2675 S Palo Verde Blvd

Lake Havasu City, AZ 86403

Inspection No:

Site Location:

T9350-1166145

Inspection Date:

07/20/2016

SERIOUS - Citation 1 - Item 1 - 2675 S Palo Verde Blvd. Lake Havasu City, AZ 86403: One employee of a subcontractor was removing phase cables out of a GE Electrical Distribution & Control Service Section 1200 Amp, 3 phase, 480Y/277 volt and was not protected against electrical shock by de-energizing and verifying zero energy. (29 CFR 1926.416(a)(1)).

Div. Proposal - \$4,000,00

Formula Amt. - \$4,000.00

SERIOUS - Citation 1 - Item 2 - 2675 S Palo Verde Blvd. Lake Havasu City, AZ 86403: One employee of a subcontractor was exposed to 480 volts when the GE Electrical Distribution & Control Service Section was not de-energized and the employer did not utilize tags or locks to identify deenergized circuits. (29 CFR 1926.417(b)).

Div. Proposal - \$4,000.00

Formula Amt. - \$4,000.00

TOTAL PENALTY - \$8,000.00

TOTAL FORMULA AMT. - \$8,000.00

Due to overlapping issues, the Commission discussed the Trane U.S. Inc. citation and proposed penalties in conjunction with the McAtlin Electrical Corp. citation and proposed penalties. See above.

Commissioner Orchard moved to approve the citation and proposed penalties as presented for Trane U.S. Inc. (Inspection No. T9350-1166145). Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Baldwin Stucco, Inc.

Referral

325 E Main St

Years in Business:

11

Safford, AZ 85546

325 E Main St

Empl. Covered by inspection:

3

Site Location:

Safford, AZ 85546

Inspection No:

F3875-1151234

Inspection Date:

05/16/2016

SERIOUS – Citation 1 - Item 1 – South west side of Building, Safford, AZ: The scaffold that was fifteen feet high, five feet wide and eighty feet long were not provided with a safe means of access. Crossbraces were used as a means of access. (29 CFR 1926.451(e)(1)).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

SERIOUS – Citation 1 - Item 2 – South west side of Building, Safford, AZ: The scaffold that was fifteen feet high, five feet wide and eighty feet long did not have mid-rails installed. (29 CFR 1926.451(e)(5)(i)).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

SERIOUS - Citation 1 - Item 3 - West side of Building, Safford, AZ: Employee was allowed to conduct work from a scaffold that was approximately 10 feet to energized uninsulated power lines that were 2700 Volts. (29 CFR 1926.451(f)(6)).

Div. Proposal - \$5,000.00

Formula Amt. - \$5,000.00

<u>SERIOUS</u> – Citation 1 - Item 4 – South west side of Building, Safford, AZ: Employee who performed work from the scaffold was not trained by a person qualified in the subject matter to recognize and control hazards associated with the type of scaffold being used and in the correct procedures for dealing with electrical hazards. (29 CFR 1926.454(a)).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

NON-SERIOUS - Citation 2 - Item 1 - South west side of Building, Safford, AZ: Employee was shocked when he made contact with energized power lines and was transported and hospitalized at the Maricopa Burn Center, and the employer had not notified OSHA within the required 24 hours. (29 CFR 1904.39(a)(2)).

Div. Proposal - \$300.00

Formula Amt. - \$300.00

TOTAL PENALTY - \$7,550.00

TOTAL FORMULA AMT. - \$7,550.00

Mr. Warren summarized the citations and proposed penalties and reviewed the photographs.

Commissioner LeMarr and Mr. Warren discussed safety preparations. Mr. Warren noted that the City of Safford was also cited in this incident but is not included in the Commission meeting due to the recommended penalty amount.

Chairman Schultz and Mr. Warren discussed the proximity to power lines.

Vice Chair Hennelly and Mr. Warren discussed the inspection photographs, whether the employee was standing on the roof, fall protection, and the parapet wall.

Commissioner Orchard moved to approve the citations and proposed penalties as presented and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Coffman Specialties, Inc.

Unprogrammed Related

9685 Via Excelencia, Ste 200

Years in Business:

25 43

San Diego, CA 92126

Bell Rd and Grand Ave

Empl. Covered by inspection:

Inspection No:

Site Location:

Surprise, AZ 85378

A3807-1154740

Inspection Date:

06/09/2016

SERIOUS – Citation 1 - Item 1 – Center span: The employer did not prevent overturning and collapse of the precast structural girders in that the girders were not adequately supported until the permanent connections were completed. (29 CFR 1926.704(a)).

Div. Proposal - \$5,000.00

Formula Amt. - \$5,000.00

TOTAL PENALTY - \$5,000.00

TOTAL FORMULA AMT. - \$5,000.00

Due to overlapping issues, the Commission simultaneously discussed the H.K.B., Inc. dba Southwest Industrial Rigging; Encon Arizona, LLC dba Tpac; and Coffman Specialties, Inc. citations and proposed penalties.

Mr. Warren summarized the citations and proposed penalties and reviewed the associated photographs.

Mr. Zbick presented his engineering report to the Commission and discussed the mechanism of the incident.

Commissioner LeMarr, Mr. Zbick, and Ms. Gingrass discussed the lift plan and each company's responsibilities in the project.

Mr. Pastore (counsel for Coffman Specialties) addressed the commission and indicated that he disagreed with the citation and that the company planned to contest the citation.

Mr. Madge addressed the commission, registered his disagreement with the citation and discussed his company's role in the incident. Chairman Schultz and Mr. Madge discussed the number of structural items lifted.

Commissioner LeMarr and Mr. Madge discuss who was responsible for disconnecting the rigging.

Commissioner Orchard discussed Southwest Industrial Rigging's OSHA record.

Mr. Chapin addressed the Commission and indicated that his company did not agree with the assessment.

Chairman Schultz, Mr. Chapin, and Ms. Gingrass discussed the sweep of the girder, the girder erection plan, the girder stability plan, the bearing pad, and the bearing plate.

Commissioner Orchard discussed the Commission's difficult posture when companies intend to contest citations, yet there has been an injury.

The injured worker, Todd O'Laughlin, addressed the Commission. He indicated that he did not remember the incident. Chairman Schultz said that he was pleased that Mr. O'Laughlin was present.

Mr. Warren reviewed the standard for support and release from a crane.

Commissioner Orchard, Mr. Warren, and Ms. Gingrass discussed girder bracing, the parties' various responsibilities, and the investigation.

The Commissioners proposed and discussed various motions concerning the H.K.B., Inc. dba Southwest Industrial Rigging citation and proposed penalty. *See* below. Mr. Warren discussed the citation and proposed penalty. Mr. Warren, Ms. Gingrass, Mr. Madge and the Commissioners discussed Southwest Industrial Riggings' knowledge of the condition. Mr. Porter and Chairman Schultz discussed the Chairman's procedural role and the effect of not issuing a citation.

Commissioner LeMarr moved to approve the citations and proposed penalties as presented for Coffman Specialties (Inspection No. A3807-1154740) and Encon Arizona, LLC dba Tpac (Inspection

No. A3807-1154499), but not for H.K.B., Inc. dba Southwest Industrial Rigging (Inspection No. A3807-1154724). There was no second. The motion did not pass.

Vice Chair Hennelly moved to approve the citation and proposed penalty as presented for Coffman Specialties (Inspection No. A3807-1154740). Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Mr. Warren discussed Central Arizona Project's participation in the VPP program.

H.K.B., Inc. dba Southwest Industrial Rigging

Unprogrammed Related

2805 W Palm Ln

Years in Business:

31 5

Phoenix, AZ 85009

Bell Rd and Grand Ave

Empl. Covered by inspection:

Inspection No:

Site Location:

Surprise, AZ 85378 A3807-1154724

Inspection Date:

06/09/2016

<u>SERIOUS</u> – Citation 1 - Item 1 – Center Span: The employer did not prevent overturning and collapse of the precast structural girders in that the girders were not adequately supported until the permanent connections were completed. (29 CFR 1926.704(a)).

Div. Proposal - \$5,000.00

Formula Amt. - \$5,000.00

TOTAL PENALTY - \$5,000.00

TOTAL FORMULA AMT. - \$5,000.00

Due to overlapping issues, the Commission simultaneously discussed the H.K.B., Inc. dba Southwest Industrial Rigging, Encon Arizona, LLC dba Tpac, and Coffman Specialties, Inc. citations and proposed penalties. *See* above.

Vice Chair Hennelly moved to approve the citation and penalty as presented for H.K.B., Inc. dba Southwest Industrial Rigging (Inspection No. A3807-1154724). There was no second. The motion did not pass.

Commissioner Orchard moved to reduce the proposed penalty to \$2,500 for H.K.B., Inc. dba Southwest Industrial Rigging (Inspection No. A3807-1154724). Vice Chair Hennelly seconded the motion. Commissioner Orchard and Mr. Warren discussed whether the citation could be altered after the Commission issues its citation and penalty. Commissioner Orchard withdrew her motion.

Vice Chair Hennelly moved to approve the citation and proposed penalty as presented for H.K.B., Inc. dba Southwest Industrial Rigging (Inspection No. A3807-1154724). There was no second. The motion did not pass.

Vice Chair Hennelly moved to approve the citation and proposed penalty as presented for H.K.B., Inc. dba Southwest Industrial Rigging (Inspection No. A3807-1154724). Chairman Schultz seconded the motion. Commissioner Orchard requested that the motion be modified. Vice Chair Hennelly withdrew his motion.

Vice Chair Hennelly moved to reduce the proposed penalty to \$3,000 for H.K.B., Inc. dba Southwest Industrial Rigging (Inspection No. A3807-1154724). Chairman Schultz seconded the motion. Chairman Schultz, Vice Chair Hennelly, and Commissioner Orchard voted in favor of the motion. Commissioner LeMarr voted against the motion. The motion passed.

Encon Arizona, LLC dba Tpac

3052 S 19th Ave

Referral

Years in Business:

Empl. Covered by inspection:

5 5

Phoenix, AZ 85012

Site Location:

13365 W Foxfire

Surprise, AZ 85378

Inspection No:

A3807-1154499

Inspection Date:

06/09/2016

SEDIOUS Citation 1 Item 1 Boll Bood

<u>SERIOUS</u> – Citation 1 - Item 1 – Bell Road Bridge: The employer did not prevent overturning and collapse of precast structural girders in that the girders were not adequately supported until the permanent connections were completed. (29 CFR 1926.704(a)).

Div. Proposal - \$5,000.00

Formula Amt. - \$5,000.00

TOTAL PENALTY - \$5,000.00

TOTAL FORMULA AMT. - \$5,000.00

Due to overlapping issues, the Commission simultaneously discussed the H.K.B., Inc. dba Southwest Industrial Rigging, Encon Arizona, LLC dba Tpac, and Coffman Specialties, Inc. citations and proposed penalties. *See* above.

Commissioner LeMarr moved to approve the citation and proposed penalty as presented for Encon Arizona, LLC dba Tpac (Inspection No. A3807-1154499). Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Steven & Ruth Anne Daley, Husband and Wife

Referral

dba S&R Daley, LP

Years in Business:

40 5

1141 W. 1st St. / P.O. Box D

Empl. Covered by inspection:

Thatcher, AZ 85552

Site Location:

N Porter Ln

Thatcher, AZ 85552

Inspection No:

L8503-1148143

Inspection Date:

05/16/2016

SERIOUS - Citation 1 - Item 1 -

- a) Barn at N. Porter Lane, Thatcher, AZ: An employee entered a confined space, a 1,025 gallon Heavy Duty Horizontal Leg Tank (unknown Brand, Serial number 79814705), which was not evaluated by the employer for a permit required confined space, resulting in a flash burn causing serious injuries. (29 CFR 1910.146(c)(1)).
- b) Barn at N. Porter Lane, Thatcher, AZ: An employee entered a confined space, a 1,025 gallon Heavy Duty Horizontal Leg Tank (unknown brand, serial number 79814705), without an established and implemented written permit space program resulting in a flash burn causing serious injuries. (29 CFR 1910.146(c)(4)).
- c) Barn at N. Porter Lane, Thatcher, AZ: Employees were exposed to UAN-32 Fertilizer, Mepiquate PGR, FMC Paraquat 250 Herbicide, Roundup PRO Herbicide, and DEFOL 750 without an established and implemented written hazard communication program to include labels and other forms of warning, safety data sheets, and employee information and training. (29 CFR 1910.1200(e)(1)).

Div. Proposal - \$5,000.00

Formula Amt. - \$5,000.00

TOTAL PENALTY - \$5,000.00

TOTAL FORMULA AMT. - \$5,000.00

Mr. Warren summarized the citation and proposed penalty as listed and reviewed the photographs. Vice Chair Hennelly and Mr. Warren discussed the pictures of the welding rod and if it had a purpose or anything to do with a spark.

Chairman Schultz and Mr. Warren discussed the tank's material.

Commissioner LeMarr, Vice Chair Hennelly, and Mr. Warren discussed posting notices concerning hazardous materials.

Mr. Daley addressed the Commission. He discussed the tank material, the conditions related to the citation and proposed penalties, the company's training and abatement efforts, and the company's experience rating.

Vice Chair Hennelly and Mr. Daley discussed the company's utilization of a safety consultant.

Mr. Warren discussed confined space issues and the OSHA-related standards (and resulting grouped citations).

Commissioner Orchard discussed whether the safety consultant's handbook mentioned confined space standards. Mr. Daley and Mr. Warren discussed whether a permit was required for the confined space and the corresponding safety procedures.

Mr. Daley, Mr. Warren, and Commissioner LeMarr discussed the process for obtaining a confined space permit. Mr. Warren noted that information concerning the confined space program, assessment, testing, general industry standards, and OSHA standards are available online.

Chairman Schultz and Mr. Warren discussed whether the condition in the subject inspection qualified as a permit-required confined space. Chairman Schultz and Mr. Warren discussed appropriate testing for the subject condition.

Chairman Schultz discussed employer knowledge and Commission Orchard raised concerns about the employer's ability to anticipate the condition and the "higher/greater" assessment. Mr. Warren responded to the comments.

Mr. Daley expressed his belief that his company could not have anticipated the condition, even with testing. Chairman Schultz and Mr. Daley discussed the length of time the employee was in the tank.

Commissioner Orchard, Mr. Daley, and Mr. Warren discussed the company's knowledge of the confined space regulation.

Vice Chair Hennelly, Mr. Warren, and Mr. Daley discussed the company's awareness of the condition that led to the injury.

Commissioner Orchard and Mr. Warren discussed the origin of the spark.

Chairman Schultz recommended that Mr. Daley add a confined space policy to the company's safety handbook. Mr. Daley expressed frustrations with staying up-to-date with OSHA standards. Mr. Warren discussed available training and consultation services.

Commissioner Orchard moved to reduce the proposed penalty to \$500.00 and Commissioner LeMarr seconded the motion. Commissioner Orchard recognized the challenges of staying up-to-date with OSHA standards and commended the company for hiring a consultant. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Chairman Schultz discussed the Commission's plan to hold meetings throughout the state and encouraged Mr. Daley to utilize the ADOSH Consultation Division. Mr. Daley and Mr. Warren discussed ADOSH outreach and training programs.

Valley Machine Works, Inc.

Referral

701 W Jackson St

Years in Business:

107

Phoenix, AZ 85007

Empl. Covered by inspection:

15

Site Location:

701 W Jackson St

Phoenix, AZ 85007

Inspection No:

H0333-1158715

Inspection Date:

06/29/2016

SERIOUS - Citation 1 - Item 1 -

- a) Main shop area: One employee operated a CM Valustar 1-ton hoist (model and serial number unknown) that did not have a functional test inspection performed on it at the beginning of each shift. (A.R.S. 23-403.A.).
- b) Main shop area: One employee operated a CM Valustar 1-ton hoist (model and serial number unknown) that did not have a frequent inspection performed as the hoist was operated on a daily basis. (A.R.S. 23-403.A.).
- c) Main shop area: One employee operated a CM Valustar 1-ton hoist (model and serial number unknown) that did not have an annual maintenance inspection performed on it within the past 12 months. (A.R.S. 23-403.A.).
- d) Main shop area: One employee operated a Valustar, 1 ton, underhung hoist without a functioning safety latch on the hoisting hook. (A.R.S. 23-403.A.).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

<u>SERIOUS</u> – Citation 1 - Item 2 – Main shop area: Two employees used two 1.5in by approximately 6ft. synthetic web slings, model number unknown, damaged with cuts, snags, and oil stains to lift and load materials that was not removed from service. (29 CFR 1910.184(i)(9)(iii)).

Div. Proposal - \$750.00

Formula Amt. - \$750.00

<u>SERIOUS</u> – Citation 1 - Item 3 – Main shop west end: One Dean Smith & Grace Ltd, Lathe (model number Type 26, serial number 32359) did not have a guard to prevent the operator from placing any part of his body into the danger zone during operation. (29 CFR 1910.212(a)(1)).

Div. Proposal - \$5,000.00

Formula Amt. - \$5,000.00

<u>NON-SERIOUS</u> – Citation 2 - Item 1 - 701 W Jackson St, Phoenix, AZ, 85007: The employer did not report the in-patient hospitalization of an employee, to ADOSH within 24hrs of the injury that occurred on a Thursday and reported the injury on the following Monday. (29 CFR 1904.39(a)(2)).

Div. Proposal - \$300.00

Formula Amt. - \$300.00

TOTAL PENALTY - \$6,800.00

TOTAL FORMULA AMT. - \$6,800.00

Mr. Warren summarized the citations and proposed penalties as listed and reviewed the photographs.

Commissioner LeMarr discussed the employer's knowledge in this matter and the inherently-hazardous nature of the subject workplace.

Commissioner LeMarr and Mr. Warren discussed employee training and effective guarding.

Commissioner Orchard moved to accept the citations and proposed penalties as presented. Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion. The motion passed.

Discussion and/or action regarding Industrial Commission goals, objectives and key initiatives for 2016. This Agenda Item may include discussion regarding the Commission budget and review of Division, Department, and Section specific objectives.

Mr. Ashley updated the Commission on the State Scorecard.

Mr. Ashley and Chairman Schultz commented on the Governor's Fundamentals Map, the Commission's contributions to the same, and the Commission's role in supporting specific measures. Specifically, they addressed the Treatment Guidelines for drug and alcohol abuse, the PEPP program, and the Labor Department's role in protecting children and families.

Announcements, Scheduling of Future Meetings and Retirement Resolutions.

Mr. Ashley discussed a planned Commissioner GEMBA walk on November 10, 2016 following the Commission Meeting.

Mr. Warren discussed the November 2-3, 2016 Leadership Safety Summit.

Commissioner Orchard and Mr. Warren discussed employer resources concerning ADOSH and OSHA on the Commission website (and the OSHA website).

Ms. Dimas confirmed that Commission meetings will be held on December 1 and 8, 2016.

Public Comment.

Mr. Scalia, representing Federal OSHA, noted that he appreciated the opportunity to attend a Commission Meeting and he was very pleased. There was no other public comment.

Commissioner Orchard moved to adjourn and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr, and Commissioner Orchard voted in favor of the motion and the meeting was adjourned at 4:17 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

James Ashley, Director

By

ATTEST

Kara Dimas, Commission Secretary